



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION  
LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

January 8, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

### **LEASE AMENDMENT DEPARTMENT OF CHILDREN AND FAMILY SERVICES 4060 WATSON PLAZA DRIVE, LAKEWOOD (FOURTH) (3 VOTES)**

#### **IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Chair to sign Amendment No. 4 to Lease No. 65889, with Snyder Southbay Partners, LLC (Lessor), for a five-year term extension at 4060 Watson Plaza Drive, Lakewood, for the Department of Children and Family Services (DCFS), at an initial annual base rent of \$1,303,248, plus operating expense rent not to exceed \$484,790. The combined annual rental costs total \$1,788,038. In addition, the cost of the tenant improvements of \$150,000 may be amortized at \$36,713 annually or paid in lump-sum at the option of the tenant department. The total initial annual maximum cost is \$1,824,751. The rental costs are 85 percent federal and state funded. The new five-year lease term will commence upon adoption by your Board.
2. Find that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Authorize the Chief Executive Officer (CEO) and DCFS to implement the project.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

With the primary goal of maintaining the family unit, DCFS has provided comprehensive child protection services from the subject facility since 1992. The facility serves as a regional office for Service Planning Area 8 with a staff of 444, which includes 428 DCFS staff and 16 other County department and non-County staff. DCFS services currently include Adoptions, Revenue Enhancement, Family Group and the Mental Health/Children Services collaboration.

Since August 27, 2007, tenancy has been month-to-month pursuant to the holdover provision in the lease. The proposed amendment will provide continued occupancy and uninterrupted delivery of services and programs to the target population. The program requires 90,000 square feet of office space, however, the cost to relocate the program would be prohibitively expensive. By renewing the lease at the existing facility, the department will avoid the expense of new Tenant Improvements (TI) and telecommunication/low voltage at a new location. The department will review its existing offices to reassign staff to under-utilized offices. The department may also submit an additional space request for the additional staff if funding is available.

The amendment will increase both the monthly base rent and operating expense rent. The Lessor will provide base building improvements and a base Tenant Improvement (TI) allowance at no additional cost to the County. The Lessor will also provide the County a reimbursable TI allowance.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

In compliance with the Countywide Strategic Plan, DCFS staff will continue to provide efficient delivery of and convenient and centralized public access to DCFS services (Goal 1, Service Excellence and Goal 3, Organizational Effectiveness). Continued occupancy under the lease structure eliminates additional relocation and lease costs (Goal 4, Fiscal Responsibility). The proposed lease amendment supports these goals with a centrally located facility as further outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The proposed action will provide DCFS uninterrupted use of 71,450 rentable square feet of office space and 294 parking spaces. The County has a license agreement for 50 supplemental parking spaces directly across the street at 3101 East Carson Street at a monthly cost of \$2,000 or \$24,000 annually.

The lease costs include the base rent of \$108,604 per month or \$1,303,248 per year, and the operating expense rent limited to \$40,339 per month or \$484,790 per year. In addition, the Internal Services Department (ISD) pays the cost of utilities which is billed back to the tenant department. The monthly base rent for each year of the lease term will be subject to a 3 percent fixed annual adjustment and the operating expenses rent will be subject to adjustment based upon actual costs not to exceed 5 percent.

The Lessor will provide base building improvements not to exceed \$285,800 and a base TI allowance of \$357,250, at no additional cost to the County. The Lessor will also provide the County an additional TI allowance of \$150,000, which may be amortized at 8 ¼ percent over the five-year term or paid in lump-sum.

The amendment provides the County the option to renew the term for an additional five years under the same terms and conditions, except the rental rate which will be adjusted to market rental rate pursuant to the amendment. The Lessor did not agree to a cancellation provision. The amendment also provides a 125 percent holdover rate.

| 4060 WATSON PLAZA DRIVE                  | EXISTING LEASE AS AMENDED                     | PROPOSED AMENDMENT                              | CHANGE                           |
|--|---|---|----------------------------------|
| Area (Square feet)                       | 71,450  | 71,450  | None                             |
| Term                                     | 08/28/02 - 08/27/07                           | Upon Board adoption plus five years             | + five years                     |
| Annual Base Rent                         | \$883,830 or<br>\$12.37/sq. ft. net utilities | \$1,303,248 or<br>\$18.24/sq. ft. net utilities | + \$419,418 or<br>\$5.87/sq. ft. |
| Annual Operating Expense Rent            | \$354,335 or<br>\$4.96/sq. ft.                | \$484,790 or<br>\$6.79/sq. ft.                  | + \$130,455 or<br>\$1.83/sq. ft. |
| Annual Base Rental Adjustment*           | None  | 3 percent fixed                                 | + 3 percent                      |
| Annual Operating Expense Rent Adjustment | Capped at 5 percent                           | Capped at 5 percent                             | None                             |
| Base TI Allowance                        | None  | \$357,250 or<br>\$5.00/sq. ft.                  | \$357,250 or<br>\$5.00/sq. ft.   |
| Additional TI** Allowance                | None  | \$150,000 or<br>\$2.10/sq. ft.                  | \$150,000 or<br>\$2.10/sq. ft.   |
| Parking (included in rent)               | 294   | 294   | None                             |
| Parking (supplemental)***                | 50 spaces at<br>\$40/space/month              | 50 spaces at<br>\$40/space/month                | None                             |
| Cancellation                             | None  | None  | None                             |
| Option to Renew                          | One five-year option                          | One five-year option                            | + One five-year option           |
| Purchase Right                           | First Offer                                   | None  | - First Offer                    |

\* The base rent payable in the immediately preceding lease year will be subject to a 3 percent fixed annual adjustment.

\*\* The Additional TI Allowance amortized at 8 ¼ percent over the five-year term will result in annual payment of \$36,713.

\*\*\* The County provides 50 supplemental parking spaces via a separate agreement at an annual cost of \$24,000.

Sufficient funding for the base rent of the proposed amendment is included in the 2007-08 Rent Expense Budget and will be billed back to DCFS.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed amendment will provide uninterrupted use of 71,450 rentable square feet of office space and the use of 294 surface parking spaces. A separate parking agreement provides 50 off-site additional parking spaces. The amendment will extend the lease term under the same terms and conditions provided in the original lease, as amended, in addition to the following provisions:

- The five-year term will commence upon Board approval.
- The initial monthly base rent will increase 47 percent from \$73,653 to \$108,604, due to a change of ownership which demanded a rental adjustment to market rates. Thereafter, the monthly base rent for each year of the remaining lease term will be subject to a 3 percent fixed annual adjustment.
- The monthly operating expense rent will increase 37 percent from \$29,528 to \$40,399, due to an increase in property taxes and the adjustment of operating expenses to current actual costs. The operating expense rent will be subject to annual adjustment based upon actual costs not to exceed 5 percent.
- The County will remain responsible for the cost of utilities which will continue to be paid by the tenant department through ISD.
- The County will have the option to renew the term for an additional five years. The actual exercise of the option shall be by the Board of Supervisors.
- The County will not have the right to cancel the lease.
- The Lessor will provide a base TI allowance of \$357,250 and an additional TI allowance of \$150,000. The allowances will be used to replace the carpet throughout the facility. Any remaining funds will be used to re-paint a portion or all of the facility interior. The work will be performed after normal working hours and on weekends.
- The Lessor will repair or replace a small number of stained ceiling tiles, sinks and toilets. The roof and HVAC units will be repaired as needed. The total costs of Lessor repairs/replacement will be capped at \$285,800. The Lessor will perform all work on the improvements during weekends and after normal business hours.

The CEO Real Estate Division staff conducted a survey within the project area to determine the availability of comparable and more economical sites. Staff was unable to identify any suitable sites in the surveyed area that could accommodate this space requirement. Staff has established that the rental range for similar space is between \$22.20 and \$30.60 per square foot per year on a modified gross basis, which excludes utilities. Thus, the annual rental rate of \$25.03, which is comprised of a base rental rate of \$18.24, an operating expense rental rate of \$6.79, plus utilities, for the proposed lease, is within the mid-range for the area. Attachment B shows all County-owned or leased facilities in proximity of the service area, and there are no County-owned or leased facilities available for this program.

#### **ENVIRONMENTAL DOCUMENTATION**

The CEO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

The Department of Public Works inspected the facility for seismic safety and Americans with Disabilities Act (ADA) accessibility and has found it suitable for County occupancy.

There is no space available for lease in the building for a child care center.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease amendment will provide the space necessary for DCFS to continue program operations and provide services to participants in the southwestern region of Los Angeles County.

The Honorable Board of Supervisors  
January 8, 2008  
Page 6

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors return two originals of the lease amendment, two originals of the certified copies of the Minute Order and the adopted, stamped Board letter to the CEO Real Estate Division at 222 South Hill Street, 3<sup>rd</sup> Floor, Los Angeles, CA 90012.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:DL:JSE  
CEM:MM:hd

Attachments (3)  
c: County Counsel  
Auditor-Controller  
Department of Children and Family Services

DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
4060 WATSON PLAZA DRIVE, LAKEWOOD  
Asset Management Principles Compliance Form<sup>1</sup>

|    |   |   |     |    |     |
|----|---|---|-----|----|-----|
| 1. | <b>Occupancy</b>  |   | Yes | No | N/A |
|    | A   | Does lease consolidate administrative functions? <sup>2</sup>   |     |    | X   |
|    | B   | Does lease co-locate with other functions to better serve clients? <sup>2</sup> <b>The Department will continue to use the building exclusively for DCFS programs.</b>  |     | X  |     |
|    | C   | Does this lease centralize business support functions? <sup>2</sup>   |     |    | X   |
|    | D   | Does this lease meet the guideline of 200 sq.ft of space per person? <sup>2</sup> <b>161/sq. ft., of space for 444 staff. This is the only facility available within the area specified in the Space Request Evaluation (SRE). In addition, the tenant department cannot afford to move to another location even if an alternate building were available.</b> |     | X  |     |
| 2. | <b>Capital</b>  |   |     |    |     |
|    | A   | Should this program be in leased space to maximize State/Federal funding?   | X   |    |     |
|    | B   | If not, is this a long term County program?   |     |    | X   |
|    | C   | Is it a substantial net County cost (NCC) program? <b>15 percent</b>  |     | X  |     |
|    | D   | If yes to 2 B or C; is it a capital lease or an operating lease with an option to buy?  |     |    | X   |
|    | E   | If no, are there any suitable County-owned facilities available?  |     | X  |     |
|    | F   | If yes, why is lease being recommended over occupancy in County-owned space?  |     |    | X   |
|    | G   | Is Building Description Report attached as Attachment B?  | X   |    |     |
|    | H   | Was build-to-suit or capital project considered? <sup>2</sup> <b>Insufficient funds and time to locate and improve an alternate facility, if one were available.</b>  |     | X  |     |
| 3. | <b>Portfolio Management</b>                                   |   |     |    |     |
|    | A   | Did department utilize CEO Space Request Evaluation (SRE)?  | X   |    |     |
|    | B   | Was the space need justified?   | X   |    |     |
|    | C   | If a renewal lease, was co-location with other County departments considered?   |     | X  |     |
|    | D   | Why was this program not co-located?  |     |    |     |
|    |   | 1. ___ The program clientele requires a "stand alone" parking area.   |     |    |     |
|    |   | 2. <u>X</u> No suitable County occupied properties in project area.   |     |    |     |
|    |   | 3. <u>X</u> No County-owned facilities available for the project.   |     |    |     |
|    |   | 4. ___ Could not get City clearance or approval.  |     |    |     |
|    |   | 5. ___ The Program is being co-located.   |     |    |     |
|    | E   | Is lease a full service lease? <sup>2</sup> <b>Lessor refuses to pay operating expenses and utilities, which is consistent with the underlying lease and succeeding amendments.</b>   |     | X  |     |
|    | F   | Has growth projection been considered in space request?   | X   |    |     |
|    | G   | Has the Dept. of Public Works completed seismic review/approval?  | X   |    |     |
|    | <sup>1</sup> As approved by the Board of Supervisors 11/17/98 |   |     |    |     |
|    | <sup>2</sup> If not, why not?                                 |   |     |    |     |

## Attachment B

## DEPARTMENT OF CHILDREN AND FAMILY SERVICES

SPACE SEARCH 5 MILE RADIUS OF  
4060 WATSON PLAZA DRIVE, LAKEWOOD

| Ownership    | LACO | Facility Name                                 | Address              | City             | ZIP   | Thomas Brothers | Gross SQFT | Net SQFT | Building Use | Distance in Miles | Vacant Space |
|--------------|------|---|----------------------|------------------|-------|-----------------|------------|----------|--------------|-------------------|--------------|
| GROUND LEASE | 5967 | PUBLIC LIBRARY-ANGELO M IACOBONI LIBRARY      | 4990 N CLARK AVE     | LAKEWOOD         | 90712 | 766/B3          | 22,000     | 20,762   | LIBRARY      | 2.30              | NONE         |
| LEASED       | A959 | DPSS-PARAMOUNT AP DISTRICT/GAIN PROGRAM REG V | 2959 E VICTORIA ST   | RANCHO DOMINGUEZ | 90221 | 765/B1          | 54,000     | 44,280   | OFFICE       | 4.80              | NONE         |
| LEASED       | A139 | DCFS-REGION VII LAKEWOOD SERVICES OFFICE      | 4060 WATSON PLAZA DR | LAKEWOOD         | 90712 | 765/H6          | 87,200     | 60,265   | OFFICE       | 0.00              | NONE         |
| LEASED       | A547 | ASSESSOR-SOUTH DISTRICT OFFICE BUILDING       | 1401 E WILLOW ST     | SIGNAL HILL      | 90806 | 795/F3          | 34,051     | 29,284   | OFFICE       | 3.00              | NONE         |

**AMENDMENT NO. 4 TO LEASE NO. 65889  
4060 WATSON PLAZA DRIVE, LAKEWOOD**

THIS AMENDMENT NO. 4 TO LEASE AGREEMENT NO. 65889 ("Amendment No. 4") is made, entered and dated as of this \_\_\_\_\_ day of \_\_\_\_\_, 2008 by and between SNYDER SOUTHBAY PARTNERS, LLC, a Delaware limited liability company ("Lessor"), successor-in-interest to Watson Land Company, ""and the COUNTY OF LOS ANGELES, a body corporate and politic ("Lessee").""

**RECITALS:**

WHEREAS, a Lease by and between Watson Land Company as Lessor, and the County of Los Angeles as Lessee was executed March 10, 1992 (the "Lease"), pursuant to which Lessor leased to Lessee those certain Premises located at 4060 Watson Plaza Drive, Lakewood, California consisting of approximately 59,850 rentable square feet of office space, (the "Premises") and;

WHEREAS, Amendment No. 1 to Lease No. 65889, executed October 20, 1992, among other points, increased the Premises to approximately 71,450 rentable square feet and the parking spaces to 294, and;

WHEREAS, Amendment No. 2 to Lease No. 65889, executed November 3, 1993, provided for the purchase of additional systems furniture and;

WHEREAS, Amendment No. 3 to Lease No. 65889, executed July 16, 2002, among other points, provided for the exercise of Lessee's option to renew the Lease term for an additional five years, an additional option to renew the Lease term for an additional five years, that Lessee would pay directly the cost of water, gas and electric utilities for the Premises and an Operating Expense rental adjustment, and;

WHEREAS, Snyder Southbay Partners, LLC, a Delaware limited liability company, is the lawful successor-in-interest to Watson Land Company and Snyder Southbay Partners, LLC, retains all rights and responsibilities granted as a result thereof, and;

WHEREAS, Snyder Southbay Partners, LLC, acknowledges that the terms of this Amendment No. 4 to Lease No. 65889 will not become effective until such time that said Amendment is adopted by the Board of Supervisors of the County of Los Angeles, and;

WHEREAS, Lessor and Lessee desire to, among other points, amend the terms of the Lease to extend the term and upgrade the Premises for the County's use.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

1. **TERM:** Paragraph 2.A., ORIGINAL TERM, is hereby amended such that the term of this Lease as amended is hereby extended such that it shall end five years after adoption of this Amendment No. 4, by the Board of Supervisors of the County of Los Angeles as evidenced by Lessee's execution of this Amendment No. 4, unless cancelled or otherwise terminated in accordance with the provisions of the Lease.

**TERM:** Paragraph 2.B., Options to Renew, as amended, is hereby deleted in its entirety and the following is substituted therefor:

(1) Term of Option. Provided that not more than two (2) material Defaults have occurred and no material Default is continuing under the Lease at the time the Option is exercised, Lessee shall have one option (the "Option") to renew this Lease for an additional period of five years commencing upon the expiration of the Term, as extended by this Amendment No. 4 (the "Extension Term").

(2) Exercise of Option. Lessee shall exercise its Option to extend this Lease by giving Lessor written notice of its intention to do so (its "Notice of Intent") by letter from Lessee's Chief Executive Office ("CEO") no later than 180 days prior to the end of the term hereof, however, the actual exercise shall be only by the Board of Supervisors and;

(3) Terms and Conditions of the Extension Term. The Extension Term shall be on all the terms and conditions of this Lease, except that Base Rent during the Extension Term shall be equal to Market Rental Value for the Premises as of the date Tenant gives its Notice of Intent, to be determined as set forth below, provided, that in no event shall the Base Rent for the Extension Term be less than the Base Rent that was payable during the last month of the Term immediately prior to the commencement of the Extension Term and Lessor shall have no additional obligation for free rent, leasehold improvements or for any other Lessee inducements for the Extension Term.

(4) Agreement on Base Rent. Lessor and Lessee shall have 90 days after Lessor receives the Notice of Intent in which to agree on the Base Rent during the Extension Term.

(5) Market Rental Value. The term "Market Rental Value" shall be the rental rate that Comparable Premises in the market in which the Premises is located would command for the same term as the Extension Term on the open market at the time Tenant provides its Notice of Intent, as determined jointly by Lessor and Lessee. For purposes hereof, the term "Comparable Premises" shall mean premises in a building similar in size and location to the Building, excluding any improvements installed by Lessee in the Building. In determining the Market Rental Value, appropriate consideration shall be given to: (1) Lessee's creditworthiness, (2) the annual amount per rentable square foot that Lessor has accepted in current transactions between non-affiliated parties from new, non-expansion, non-renewal and non-equity tenants of comparable creditworthiness for Comparable Premises for a comparable use for a comparable period of time, (3) the annual rental rates per square foot of the Comparable Premises, (4) the standard of measurement by which the rentable square footage in the Comparable Premises is measured, (5) the ratio of rentable square feet to usable square feet in the Comparable Premises, (6) the type of escalation clause used in leasing the Comparable Premises (i. e., whether increases in additional rent are determined on a net or gross basis, and if gross, whether such increases are determined according to a base year or a base

dollar amount expense stop), (7) parking rights and obligations, (8) signage rights, (9) abatement provisions reflecting free rent and/or no rent during the period of construction or subsequent to the commencement date as to the Comparable Premises, (10) brokerage commissions, if any, which would be payable by Lessor in similar transactions, (11) length of the lease term, size and location of the Comparable Premises, and (12) other general applicable conditions of tenancy for transactions involving such Comparable Premises.

(6) **Determination of Market Rental Value.** Lessor shall submit its determination of Market Rental Value to Lessee within thirty (30) days after Lessor's receipt of the Notice of Intent, and Lessee shall respond thereto within ten (10) days thereafter by either (a) accepting Lessor's determination of Market Rental Value (in which case such Market Rental Value shall be used to determine Base Rent during the Extension Term) or (b) submitting Lessee's determination of Market Rental Value. If Lessor and Lessee cannot agree upon the Market Rental Value of the Premises within fifteen (15) days after submission of Lessee's determination of Market Rental Value, then Lessor and Lessee within five (5) days shall each submit to the other a final written statement of Market Rental Value ("Final Statement"). Within ten (10) days thereafter, Lessor and Lessee shall together appoint one real estate appraiser (who shall be a Member of the American Institute of Real Estate Appraisers) (or, if both Lessor and Lessee agree, a certified property manager with ten (10) years experience) who will determine whether Lessor's or Lessee's Final Statement is the closest to the actual (in such appraiser's opinion) Market Rental Value of the Premises, and such figure will be used in the determination of Adjusted Market Rental Value. If Lessor and Lessee cannot mutually agree upon an appraiser within said ten (10) day period, Lessee may apply to the Superior Court for Los Angeles County, requesting a judicial appointment of the M.A.I. qualified appraiser. The appraiser so appointed shall promptly determine whether Lessor's or Lessee's Final Statement is the closest to the actual (in such appraisers' opinion) Market Rental Value of the Premises, and such Final Statement shall be the Market Rental Value used in determining Base Rent during the Extension Term. The fees and expenses of the appraiser, whether mutually selected or appointed, shall be borne equally by Lessor and Lessee. The appraiser appointed or selected pursuant to this Paragraph shall have at least ten (10) years experience appraising commercial properties in Los Angeles County.

(7) **Amendment of Lease.** Promptly following the determination of the Base Rent for the Extension Term pursuant to the provisions hereof, Lessor and Lessee, by its Chief Executive Officer or designee, shall execute a Memorandum of Option Term Rent setting forth the new Base Rent in effect.

**2. RENT:** Paragraph 3, RENT, is hereby deleted in its entirety and the following is substituted therefor:

Lessee hereby agrees to pay as Base Rent for the Premises the sum of \$108,604.00, or \$1.52 per rentable square foot per month, net of utility expenses which Lessee will pay directly as currently provided in the existing Lease. In addition, Lessee hereby agrees to pay as Operating Expense Rent for the Premises the sum of \$40,399.17, or \$.57 per rentable square foot per month, as shown in the Lessor Projected Gross Operating Expense for 2007-2008, attached hereto and incorporated herein as Exhibit G Revised. If the actual cost of such operating expenses are less than the Lessor Projected Gross Operating Expense for 2007-

2008, then Lessee shall be provided a credit for any overpayment made during the first year of the term hereof, which shall be applied against the Operating Expense Rent next due, and such lesser amount shall be substituted in Paragraph 19, RENTAL ADJUSTMENT. All payments are payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen days after the first day of each and every month of the term hereof provided Lessor has submitted a claim therefor for each such month to Lessee. Lessor shall be responsible to file Lessor's claim with the Auditor of the County of Los Angeles prior to the first day of each month.

**3. RENTAL ADJUSTMENT:** Paragraph 19, RENTAL ADJUSTMENT, is hereby deleted in its entirety and the following is substituted therefor:

**A. Base Rent Adjustment Period**

For each successive twelve (12) months of the term of this Lease and/or the Extension Term, the monthly Base Rent as set forth in Paragraph 3 shall be subject to fixed annual adjustment of three percent (3%) of the Base Rent payable in the immediately preceding lease year.

**B. Base Rent Adjustment Formula**

The rental adjustment for the Base Rent shall be calculated by multiplying the Base Rent payable in the immediately preceding lease year by three percent (3%), plus or minus the amount needed to amortize Lessee's additional tenant improvements plus change order costs, if any.

The total of the Base Rent and the monthly cost to amortize additional tenant improvements and change orders, if any, shall be the new monthly base rental rate, i.e.:

|     |   |
|-----|---|
|     | New Monthly Base Rent                               |
| +   | the amount required to amortize Lessee's additional |
|     | Tenant Improvements if any                          |
| +/- | the amount to amortize change orders, if any        |
| =   | New Monthly Rent                                    |

**C. General Provisions:** In no event shall the monthly Base Rent adjustment in this Paragraph 19 (exclusive of the amount, if any required to amortize either Lessee's Additional Tenant Improvement Cost as defined hereinbelow, or change orders) result in an annual increase of such Base Rent of greater than three percent (3%) per year of the Base Rent payable in the immediately preceding lease year (exclusive of the amount, if any, required to amortize either Lessee's Additional Tenant Improvement Cost or change orders, it being understood that any such amortization shall be added to the Base Rent, as adjusted by such three percent (%) per year increase). In no event shall the monthly rent be adjusted to result in a lower monthly rent than was payable during the previous year of the Lease.

**D. Operating Expense Rent Adjustment**

For each successive twelve (12) months of the term of the Lease provided in this Amendment No. 4, the Operating Expense Rent as set forth in Paragraph 3, RENT, shall be subject to adjustment. At the first anniversary date of the first day of the first full calendar month following the commencement of the term provided in this Amendment No. 4 and every twelve months thereafter, the monthly Operating Expense Rent as set forth in Paragraph 3, RENT, shall be adjusted based upon the

actual cost of the operating expenses, as further defined in Exhibit G, attached hereto and incorporated herein by this reference, except that such adjustment shall be restricted to no more than five percent (5%).

4. **RIGHT OF FIRST OFFER TO PURCHASE**, Paragraph 28, **RIGHT OF FIRST OFFER TO PURCHASE**, is hereby deleted from the Lease in its entirety.
5. **PREPARATION OF PREMISES**: Paragraph 31, **PREPARATION OF PREMISES**, is hereby added to the Lease as follows:

A. Lessor, at its own expense, shall promptly paint the entire Premises and install new carpet squares, including without limitation the lift and replacement of the modular furniture, throughout the entire Premises, (collectively, the "Tenant Improvements"). Such Tenant Improvements are to be provided by Lessor up to a maximum cost of \$357,250 (\$5.00 per rentable square foot) (the "Base TI Allowance"), as estimated by Lessor. All costs associated with space planning, engineering and working drawings for the Tenant Improvements shall be included within the Base TI Allowance. Lessor shall perform all work on the Improvements during weekends and after normal business hours.

**B. Additional Tenant Improvement Allowance:**

In the event that the cost of the agreed upon Tenant Improvements exceeds \$357,250, or \$5.00 per rentable square foot. Lessee shall be responsible for 100% of the excess cost therefor; provided, that Lessee may authorize Lessor, after review of estimates and written approval of the Chief Executive Officer, to pay the overage up to a maximum amount of \$150,000 (the "Additional Tenant Improvement Allowance"). Lessee agrees to reimburse Lessor for any Tenant Improvement costs above \$357,250, or \$5.00 per rentable square foot, subject to the cap of \$150,000 set forth herein and will amortize said cost (the "Additional Tenant Improvement Cost"), plus interest at the rate of 8.25% per annum, on a monthly basis over the 60-month extended Lease term. Lessee may at any time during the extended Lease term provided for in this Amendment No. 4 pay Lessor in a lump sum for all or any portion of the cost of the Tenant Improvement in excess of the Base TI Allowance and reduce the rental rate accordingly.

Prior to commencing construction of the Tenant Improvements, Lessor will deliver to Lessee for Lessee's approval (i) a reasonably complete set of plans for the proposed work, (ii) a reasonably detailed description of the scope of the proposed work, (iii) a reasonably detailed project budget of the proposed cost of the Tenant Improvements, and (iv) the amount payable monthly by Lessee in addition to the rent, if any, in order to amortize the Additional Tenant Improvement Cost, if any. Lessor shall not commence any construction of the Tenant Improvements until Lessee has approved in writing the items set forth in the preceding sentence; provided, that once Lessee approves such items, the amount of additional rent payable in order to amortize the Additional Tenant Improvement Cost shall be fixed, regardless of whether the actual cost to complete the Tenant Improvements is more or less than the agreed-upon amount, except only in the event of any increases in cost as a result of Lessee-initiated change orders which increase the scope of work.

In the event Lessor should fail, neglect or refuse to commence work on the Tenant

Improvements required by this Paragraph 31, or fail, neglect or refuse to pursue the Tenant Improvements with reasonable diligence to completion, the Lessee at its sole discretion may perform or cause to be performed said Tenant Improvements and deduct the cost thereof from the installments of rent next due as a charge to the Lessor.

The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy before the Tenant Improvements shall be deemed complete; provided, however, that Lessee acknowledges and agrees that Lessor shall have satisfied the foregoing standard upon obtaining the final sign-off of the Tenant Improvements by the applicable representatives of the City of Lakewood allowing for the legal occupancy of the Premises.

Where applicable, Lessor shall submit the bids for the completion of the Tenant Improvements to the County for its review and approval prior to award of any contract to provide the Tenant Improvements. The bids shall include an itemized list of all materials, specifications and labor and shall include all additional costs including fees, permits, reasonable contractor's profit and overhead, and project management fees.

The Tenant Improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Lessor.

#### **C. Base Building Improvements**

In addition to the Tenant Improvements that Lessor has agreed to construct pursuant to this Section 31, Lessor, at its sole cost and expense, shall repair or replace all damaged or stained ceiling tiles, repair or replace all malfunctioning sinks and toilets, and repair all HVAC units as required to provide commercially reasonable standards of cooling and heating within the Premises (collectively, the "Base Building Improvements"); provided, that in no event shall the cost of the Base Building Improvements exceed in total \$285,800, or \$4 per rentable square foot.

#### **D. Completion**

##### **a.**

The parties agree that the estimated time for completion of Tenant Improvements and Base Building Improvements is 120 days from the later of (i) the date Lessee approves in writing the scope of work to be completed by Lessee hereunder, or (ii) the receipt of all required building permits from the City of Lakewood permitting the commencement of such work (the "Estimated Completion Date").

Completion of the Tenant Improvements and the Base Building Improvements may be delayed by:

- i. Acts or omissions of Lessee or of any employees or agents of Lessee (including without limitation change orders in the work), or
- ii. Any act of God which Lessor could not have reasonably foreseen and provided for, or

- iii. Any strikes, boycotts or like obstructive acts by employees or agents of Lessor or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
- iv. Any war or declaration of a state of national emergency, or
- v. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the Building and/or Premises.

**E. Lessee Remedies:**

If the Tenant Improvements or the Base Building Improvements have not been completed within 60 days from the Estimated Completion Date, which period shall be extended for a reasonable time for the delays enumerated in subparagraph D above, as a result of Lessor's gross negligence or intentional misconduct, Lessee may, at its option, upon providing thirty (30) days written notice to Lessor, assume the responsibility for providing the Tenant Improvements itself.

If Lessee elects to provide the Tenant Improvements itself, then:

- (1) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto
- (2) Rent shall be reduced by Lessee's reasonable total expenses actually incurred in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for Lessee's administrative costs, and including without limitation interest at the rate of 10%. The rent reduction schedule shall be as mutually agreed between the parties or, if no such agreement is made, Lessee's total expense shall be fully amortized in equal monthly amounts over 5 years.

**6. HOLDOVER.** Paragraph 32, HOLDOVER, is hereby added to the Lease as follows:

In the event of any holding over after the expiration of the term of this Lease without Lessor's written consent, then Lessee shall pay to Lessor for each month of such retention one hundred twenty-five percent (125%) of the amount of the Base Rent in effect for the last month prior to such expiration.

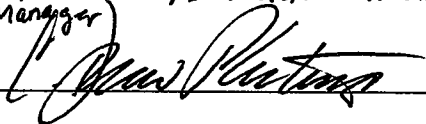
**7. MISCELLANEOUS.** Wherever a conflict exists between the terms of this Amendment No. 4 and prior amendments, or the original Lease, the terms and conditions of Amendment No. 4 shall prevail. All other terms and conditions of the Lease remain unchanged and are hereby reaffirmed in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 4 to Lease Agreement No. 65889 or caused it to be duly executed, and the Lessee by order of its Board of Supervisors, has caused this Amendment No. 4 to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:

SNYDER SOUTHBAY PARTNERS, LLC,  
a Delaware limited liability company

By: *Snyder Southbay Investors, LLC - A Delaware limited liability company*  
Its: *Manager*

By 

Its Authorized Representative

By \_\_\_\_\_

Its \_\_\_\_\_

ATTEST:

Sachi A. Hamai  
Executive Officer  
Board of Supervisors


LESSEE:

COUNTY OF LOS ANGELES  
a body politic and corporate

By: \_\_\_\_\_  
Deputy

By: \_\_\_\_\_  
Chair, Los Angeles County

APPROVED AS TO FORM:  
RAYMOND G. FORTNER, JR.  
County Counsel

By   
Amy M. Caves  
Deputy County Counsel

**EXHIBIT G REVISED 7/07**  
**SNYDER SOUTHBAY PARTNERS LLC**  
**PROJECTED GROSS OPERATING EXPENSE FOR 2007-2008**  
**COUNTY OF LOS ANGELES Bldg. 462**

| EXPENSE                              | ANNUAL<br>AMOUNT | PER SF<br>ANNUAL | PER SF<br>MONTHLY |
|--------------------------------------|------------------|------------------|-------------------|
| 1 Administration Fee                 | \$ 30,900        | 0.432470         | 0.036039          |
| 2 HVAC Maintenance/Repairs           | \$ 36,000        | 0.503849         | 0.041987          |
| 3 Landscape Maintenance/Repairs      | \$ 9,100         | 0.127362         | 0.010613          |
| 4 Painting-Maintenance               | \$ 0             | 0                | 0                 |
| 5 Parking Lot Maintenance            | \$ 17,760        | 0.248565         | 0.020714          |
| 6 Pest Control                       | \$ 2,700         | 0.037789         | 0.003149          |
| 7 Roof Maintenance/Repairs           | \$ 2,000         | 0.027992         | 0.002333          |
| 8 Trash Removal                      | \$ 15,600        | 0.218334         | 0.018195          |
| 9 Electricity                        | \$ 0             | 0                | 0                 |
| 10 Gas                               | \$ 0             | 0                | 0                 |
| 11 Water & Sewer                     | \$ 0             | 0                | 0                 |
| 12 Window Cleaning                   | \$ 6,000         | 0.083975         | 0.006998          |
| 13 Janitorial/Supplies/Dayporter     | \$ 152,400       | 2.132960         | 0.177747          |
| 14 Life Safety System                | \$ 4,560         | 0.063821         | 0.005318          |
| 15 Plumbing/Electrical               | \$ 5,640         | 0.078936         | 0.006578          |
| 16 Lighting Maintenance              | \$ 1,680         | 0.023513         | 0.001959          |
| 17 General Maintenance               | \$ 5,340         | 0.074738         | 0.006228          |
| 18 Elevator Maintenance/Repairs      | \$ 11,400        | 0.159552         | 0.013296          |
| 19 Insurance                         | \$ 16,470        | 0.230511         | 0.019209          |
| 20 Property Taxes                    | \$ 145,440       | 2.035549         | 0.169629          |
| 21                                   |                  |                  |                   |
| 22 Total Recurring Expenses          | \$ 462,990       | \$ 6.48          | \$ 0.540          |
| 23                                   |                  |                  |                   |
| 24                                   |                  |                  |                   |
| 25 Reserves                          |                  |                  |                   |
| 26                                   |                  |                  |                   |
| 27 Asphalt Repair/Slurry Seal        | \$ 3,100         | 0.043387         | 0.003616          |
| 28 Paint Exterior                    | \$ 7,800         | 0.109167         | 0.009097          |
| 29 Roof Major Repair & Replacement   | \$ 4,200         | 0.058782         | 0.004899          |
| 30 HVAC Major Repair and Replacement | \$ 6,700         | 0.093772         | 0.007814          |
| 31                                   |                  |                  |                   |
| 32 Total Reserves                    | \$ 21,800        | 0.305108         | 0.025426          |
| 33                                   |                  |                  |                   |
| 34 Grand Total Full Service          | \$ 484,790       | \$ 6.79          | \$ 0.57           |